

## **How to Implement Section 404 of the Sarbanes-Oxley Act, A Hands-On Seminar**

### **Summary:**

As a result of failures of large public companies due to poor corporate governance, public companies are required to meet the new standards of corporate governance legislated by Congress through the Sarbanes-Oxley Act. Individuals attending this (one or two) day seminar will be introduced to the Sarbanes-Oxley Act (SOX) and in particular Section 404 of the Act. The focus of the seminar will be on the understanding and “hands-on” implementation of the SOX Act.

### **Who Should Attend:**

Corporate Executives, Chief Financial Officers, Corporate Controllers, Directors of Audit, Directors of Financial Reporting; Project Managers, Process Owners and Public Accountants who perform audits.

### **Upon Completion of this Program, Participants will be able to:**

- Understand the basic sections of Sarbanes-Oxley Act
- Understand the COSO framework and its application
- Understand the methods to achieve documentation and testing of internal controls
- Perform “hands-on” documentation and testing of Section 404 activities
- Understand and perform project planning activities

### **Key Topics and Objectives:**

## **How to Implement Section 404 of the Sarbanes-Oxley Act Seminar**

### **Part I - Introduction and Background**

1. The Sarbanes-Oxley Act and its Objectives
2. The SEC and PCAOB and its Standards One, Two and Three
3. The COSO framework
4. The practical aspects of the COSO framework and how it is applied.
5. Internal Controls- A general primer including financial and IT controls
6. The types of IT controls ( general and application controls)
7. How Section 404 relates to the Financial Statements and Financial Statement Audit.

### **Part II – Documentation and Evidence of Effective Internal Controls**

1. Types of Documentation (Narratives, Risk Control Matrix and Process Maps)
2. Examples of Documentation
3. Financial Assertions
4. Documentation Standards, Considerations, Cross-Referencing Standards
5. Documentation Guidance

## **Part II – Documentation and Evidence of Effective Internal Controls (Continued)**

6. Documentation of IT Controls
7. The design of controls
8. The importance and linking of risks, controls and the financial assertions
9. The operation and effectiveness of controls
10. In-depth Review of the Risk Control Matrix

## **Part III – Sarbanes-Oxley Project Planning**

1. Lessons Learned from the Accelerated Filers
2. Defining the Project Structure
3. Defining the SOX Project Team
4. How and Where to Begin a SOX 404 Project?
5. The Four Phases of SOX compliance
6. Phase One: Project planning and scoping
7. Phase Two: Corporate Assessment and Entity-level controls
8. Phase Three: Process/Transactions level Assessment
9. Phase Four: Testing, Remediation and Control Gaps
10. Project Planning Considerations
11. Examples of the four phases
12. Review and Exercises

## **Part IV – Sarbanes-Oxley Execution and Identification of Key Financial Processes**

1. Identification of Significant Accounts, Disclosures and Business Cycles
2. Other Key SOX Activities
3. The Revenue Cycle
4. The Financial Reporting Cycle
5. The Expenditure cycles
6. The Testing Phase of Section 404
7. Test Plans
8. Identifying Key Controls and Testing Key Controls
9. Developing and executing Test Plans
10. Evaluating the Test Results
11. Developing Remediation Plan
12. Examples of Tests of Entity-level and Activity-Levels

## **Part V – The Evaluation of Internal Control Deficiencies and Reporting Deficiencies**

1. Significance of Internal Control Deficiencies
2. The Process for Identifying, Assessing and Classifying Internal Control Deficiencies
3. Management's Assertion and its Report
4. Auditor's Evaluation of Management's Reporting
5. Auditor's Communications

6. SOX 404: 10 Threats to Compliance
7. The Future and the Expectations of Year Two and Beyond?
8. Review and Exercises

## **Part VI – Case Studies and Application of SOX**

1. Examples and Performing the process documentation (narrative, Visio process map and risk control matrix) and Test Plan of the Accounts Payable Cycle
2. Example and Perform Project Planning for Section 404
3. Example of an Entity-level Assessment and Test Plan and Performing the documentation of an Entity-level Assessment